

23 December 2010

Australian Securities Exchange Limited
Company Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Tindalo Operations Update

Nido Petroleum Limited (ASX: NDO) (Nido), as Operator of Service Contract 54A (SC 54A), wishes to provide this update on the well testing of the Tindalo-1ST1 following the completion of recent workover operations.

Each of four potentially productive zones are separated by inflatable external casing packers and were tested individually. Since the last operations update on 6 December 2010, testing has been completed on all the zones of the near-horizontal well bore with the following results:

- Productivity analysis suggests that Zone 4 was the zone that was supplying the sidetrack with formation water prior to the workover. This supports the logging diagnostics interpretation and implies that the swell packer in the original sidetrack completion had failed to provide adequate isolation from the water being produced into the old wellbore;
- Water samples taken during testing of the individual zones indicate that no formation water was produced from any zone; and
- Completion fluid was recovered from all 4 zones. There was approximately 46,000 barrels of completion fluid (seawater) pumped into the sidetrack during the workover operation, and only 14% of this completion fluid was recovered during the testing of individual zones.

Following the testing on the individual zones, the Joint Venture took the decision to close Zone 4 and open Zones 1, 2 and 3 to comingled flow. The completion fluid lost into these zones must be recovered to surface before it can be confirmed whether these zones will contribute water-free production. Fluid sampling indicates that these zones continue to produce both oil and completion fluid and therefore long-term oil production capacity of the zones cannot yet be determined. Fluid sampling and analysis will continue in order to monitor the cleanup of the well.

Production from the combined Zones 1, 2 and 3 will continue and Nido will provide further updates once there is a material finding.

Yours sincerely



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SC 54A Working Interests

| Company | Working Interest |
|---|------------------|
| Nido Petroleum Philippines Pty Ltd (Nido, ASX: NDO) - Operator | 42.4% |
| Yilgarn Petroleum Philippines Pty Ltd, (Kairiki, ASX: KIK) | 30.1% |
| Trafigura Ventures III BV (Trafigura) | 15.0% |
| TG World (BVI) Corporation (TG World) | 12.5% |